

Strategic Objective Grant Agreement (SOAG)

SOAG Principal Text

USAID Grant Agreement No. SOAG-306-04-00
for USAID Strategic Objective No. 306.004

STRATEGIC OBJECTIVE GRANT AGREEMENT
BETWEEN THE
UNITED STATES OF AMERICA
AND
THE ISLAMIC REPUBLIC OF AFGHANISTAN
TO
PROVIDE PROGRAM SUPPORT FOR PROGRAMS TO ACHIEVE STRATEGIC
DEVELOPMENT OBJECTIVES

Dated: September 19, 2005

APPN:
BPC:
RCN:

Strategic Objective Grant Agreement

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STRATEGIC OBJECTIVE GRANT AGREEMENT

Dated: September 19, 2005

Between

The United States of America, acting through the United States Agency for International Development ("USAID")

and

The Islamic Republic of Afghanistan, acting through the Ministry of Finance (hereinafter referred to as the "Grantee")

Article 1: Purpose.

The purpose of this Strategic Objective Grant Agreement ("Agreement") is to set out the understanding of the parties named above (the "Parties") regarding their mutual objective to provide program support to the Parties agreed to development programs as further described below.

Article 2: Strategic Objective and Intermediate Result.

Section 2.1. Strategic Objective. The strategic objective (the "Objective") of the development program described in this Agreement is to capture synergies among and across the Parties' development partnership through improved coordination, strong support mechanisms, and proven cross-cutting approaches and technologies undertaken in support of other Strategic Objective Grant Agreements signed by the Parties to achieve certain strategic development objectives in various sectors. The activities carried out under this Agreement will be implemented exclusively to support the achievement of the objectives set forth in such other Strategic Objective Grant Agreements.

Section 2.2. Intermediate Result. In order to achieve the Objective, the Parties agree to work together to achieve the following intermediate result (the "Intermediate Result"):

2.2.1. The advancement of other USAID-financed activities in Afghanistan. The sectoral development programs agreed to between the Parties receive administrative, technical and cross-sectoral program support to achieve the Parties mutually agreed-to development objectives.

Within the limits of the definition of the Objective in Section 2.1, this Section 2.2 may be changed by written agreement of the authorized representatives of the Parties without formal amendment to the Agreement.

Section 2.3. Annex 1, Amplified Description. Annex 1, attached, further describes the above Objective and its Intermediate Result. Within the limits of the above definition of the Objective in Section 2.1, Annex 1 may be changed by written agreement

of the authorized representatives of the Parties without formal amendment of this Agreement.

Article 3: Contributions of the Parties.

Section 3.1. USAID Contribution.

(a) The Grant. To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms of the Agreement not to exceed SIX MILLION EIGHT HUNDRED NINETY-NINE THOUSAND United States ("U.S.") Dollars (\$6,899,000) (the "Grant").

(b) Total Estimated USAID Contribution. USAID's total estimated contribution to achievement of the Objective will be U.S. \$1,292,045,994, which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

(c) Unilateral Deobligation. If at any time USAID determines that its contribution under Section 3.1(a) exceeds the amount which reasonably can be committed for achieving the Objective or Intermediate Result or activities during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, withdraw the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1(a), or amend Annex 1 to shift USAID funding among activities. Actions taken pursuant to this subsection will not revise USAID's total estimated contribution set forth in Section 3.1(b).

Section 3.2. Grantee Contribution.

(a) The Grantee agrees to provide or cause to be provided all funds, in addition to those provided by USAID and any other donor identified in Annex 1, and all other resources required to complete, on or before the Completion Date, all activities necessary to achieve the Intermediate Result.

(b) The Grantee's contribution, based on USAID's contribution in section 3.1(a), will not be less than the equivalent of U.S. \$13,200,000, including in-kind contributions. The Grantee's Total Estimated Planned Contribution to the Objective will not be less than the equivalent of U.S. \$145,000,000, including in-kind contributions, subject to availability of funds to the Grantee for this purpose, the mutual agreement of the Parties, at the time of each subsequent increment, to proceed, and USAID providing the total estimated amount in Section 3.1(b). The Grantee will report at least annually in a format to be agreed upon with USAID on its cash and "in-kind" contributions.

Article 4: Completion Date.

(a) The Completion Date, which is December 31, 2010, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Objective and Intermediate Result will be completed.

(b) Except as USAID may otherwise agree to in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article 5: Conditions Precedent to Disbursement.

Section 5.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

(a) An opinion of counsel acceptable to USAID that this Agreement has been duly authorized or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and

(b) A statement in the name of the person holding or acting in the office of the Grantee specified in Section 7.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

Section 5.2. Notification. USAID will promptly notify the Grantee when USAID has determined that the conditions precedent have been met.

Section 5.3. Terminal Dates for Conditions Precedent. The terminal date for meeting the conditions specified in Section 5.1 is ninety (90) days from the date of this Agreement or such later date as USAID may agree to in writing before or after the above terminal date. If the conditions precedent in Section 5.1 have not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the Grantee.

Article 6: Special Covenants.

Section 6.1. The Grantee affirms that the Objective and Intermediate Result agreed to in this Agreement and amplified in Annex 1 reflect the national priorities of the Grantee.

Section 6.2. The Parties affirm that eight core values shall govern the objectives, strategies, approaches, results and activities described in this Agreement: sustainability, responsiveness, conflict mitigation, gender equity, local context, results orientation, collaboration, and transparency and accountability.

(a) Sustainability. All activities under this Agreement will be designed so that Afghan institutions, communities and individuals "own" the principles, processes and benefits introduced. Projects that will entail construction of infrastructure, reform of processes and procedures, and provision of services will have components that help ensure that Afghans have the capacity needed to carry them on, once USAID assistance is complete.

(b) Responsiveness. USAID is actively engaged in the Grantee's process of policy formation and planning for the sectors covered by this Agreement. USAID uses systematic means to listen to the Grantee and beneficiary communities in designing and implementing strategies such as those under this Agreement. USAID will seek to send clear messages to beneficiaries about why it is doing the various activities under this Agreement.

(c) Conflict Mitigation. This Agreement recognizes the overriding importance of transforming Afghanistan's leadership culture into one of conflict prevention, mitigation, and resolution. Conflict mitigation is a cross-cutting objective, built into all activities and results under this Agreement.

(d) Gender Equity. Gender-equity elements are to be built into every aspect of the activities under this Agreement. Strategies and activities will take into account an analysis of how they affect both men and women, girls and boys, and it make extra efforts to improve the status of women in many communities and institutions.

(e) Local Context. Special effort will be made by the Parties to ensure programming under this Agreement that integrates the delivery of services at the provincial level. The Parties will use all means available including the involvement of sector specialists, USAID Field Program Staff (in Provincial Reconstruction Teams) and other implementation partners working at the local level to ensure that activities reach beneficiaries at the local, provincial level.

(f) Results Orientation. The Parties agree to work together to use systems and structures that help staff and partners manage programs effectively and efficiently. An ability to adjust systems and structures when appropriate will enable the Parties to achieve results within agreed-upon schedules.

(g) Collaboration. Close collaboration with development partners will enable the Parties to reach their mutual goals and objectives under this Agreement. This includes working with donor and lender agencies and NGOs in Afghanistan.

(h) Transparency and Accountability. The Parties agree to follow standards and regulations that ensure transparency and accountability. The Parties will endeavor to work in an honest, open, and direct manner with all partners.

Section 6.3. Subcommitting, Subobligating and Disbursing Grant Funds. With respect to disbursements made under this Agreement, after satisfaction by the Grantee of the Conditions Precedent set forth in Section 5.1, the Grantee hereby agrees that USAID may subcommit, subobligate and disburse Grant funds available under Section 3.1(a), whether such use covers Foreign Exchange or Local Currency Costs described in Annex 2 ("Standard Provisions") hereof or otherwise, so long as such actions and disbursements are consistent with the terms and conditions of Annex 1 ("Amplified Description") hereof without any further approval or concurrence. USAID shall periodically inform the Grantee of all disbursements directly made by USAID under this Agreement, providing the Grantee with the amount(s) and purpose(s) of such disbursement(s). Prior approval of the Grantee, however, shall be required, for all disbursements of Grant funds made directly to the Grantee for, by way of example and not limitation, financing host country contracts let by the Grantee to achieve the Objective and Intermediate Result.

Article 7: Miscellaneous.

Section 7.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, telefax or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To USAID:

Mail Address:

Office of the Director
United States Agency for International Development
Compound Across from the U.S. Embassy
Great Masood Road
Kabul, Afghanistan

To the Grantee:

Mail Address:

Chief of Staff Office
Ministry of Finance
Pashtunistan Maidan
Kabul,

Islamic Republic of Afghanistan
Fax: 0093-20-2103258

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 7.2. Representatives. (a) For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Minister of Finance. The authority of the Minister of Finance shall not be delegated outside of the Ministry of Finance with respect to amendments to the SOAG as well as other responsibilities set forth for the Ministry of Finance in Annex 1. The Ministry of Finance hereby delegates authority to represent the Grantee to (i) the Office of the Minister of Communications, with respect to coordination and program implementation of those activities identified in Annex 1 as pertaining to information technology or telecommunications, (ii) the Office of the Minister of Rural Reconstruction and Development, with respect to coordination and program implementation of those activities identified in Annex 1 as pertaining to USAID's involvement in Provincial Reconstruction Teams, and (iii) the Office of the Minister of Women's Affairs or the Office of the Minister of Youth Affairs, as relevant, with respect to coordination and program implementation of gender-focused activities identified in Annex 1. USAID will be represented by the individual holding or acting in the Office of Director, USAID/Afghanistan. Each representative, by written notice, may designate additional representatives for all purposes for which such representative is responsible.

(b) The names of the representatives of the Grantee, with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 7.3. Standard Provisions Annex. A "Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 7.4. Language of Agreement. This Agreement is prepared in both English and Dari. In the event of ambiguity or conflict between the two versions, the English language version will control.

IN WITNESS WHEREOF, the United States of America and the Grantee, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

UNITED STATES OF AMERICA

ISLAMIC REPUBLIC OF AFGHANISTAN

By: Alonzo L. Fulgham

Name: Alonzo L. Fulgham

Title: Director, USAID Mission to
Afghanistan

By: Anwar al-Haq Ahady

Name: Anwar al-Haq Ahady
Title: Minister of Finance

SOAG Annex 1

Amplified Description

I. Introduction

Under this Agreement the Parties intend to provide program support of the cross-sectoral program activities to capture synergies among and across the Parties' development partnership through improved coordination, proven cross-cutting approaches and technologies and strong administrative and managerial support mechanisms (including equipment, training, facilities, travel, and personal services). The results will be reflected through each of the other Strategic Objective Grant Agreements entered into between the Parties. Under this Agreement a Program Support System ("PSS") will be the principal mechanism for such coordination and integration. To ensure efficiency of program design, implementation, administration, and tracking of results, activities that fall under this Agreement will be funded under this sector across all other relevant sectors.

The purpose of the Objective is to identify and capture the development impacts available from cross-cutting program components, within the USAID-financed activities and more broadly across the Grantee's development strategy. The program in support of the Objective is built around successful approaches for integrating cross-cutting efforts and thinking across the other Strategic Objective Grant Agreements.

II. Funding.

Financial Plan. The financial plan for the Program is set forth in the attached table. Changes may be made to the financial plan by representatives of the Parties without formal amendment to the Agreement, if such changes do not cause (1) USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement or (2) the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement.

III. Activities/Activity Selection

Cross-program activities include support activities that contribute to the success of the strategic development objectives across the range of ongoing development programs. Examples of PSS components and activities may include, without limitation the following:

- **Training, equipment, personnel, and administration:** Includes those costs that are not attributable to a specific Strategic Objective Grant Agreement, but rather provide input across each such agreement. For example, USAID training activities (including participant training) or USAID personal services contracts that support multiple strategic development objectives fall into this category, as well as provision of equipment, training, environmental monitoring and compliance, and necessary travel costs for USAID personal services contractors and training activities.

- **Administration:** Includes the costs required for USAID program administration and operating expenses through the Program Support System. These costs include facilities, equipment, training, salaries, travel costs, support from USAID headquarters staff temporary duty (TDY) personnel, security costs, and other support for administrative support that do not contribute to a specific program.
- **Cross-program activities:** Includes support activities that contribute to the success of the strategic development objectives across the range of ongoing development programs. Examples may include, without limitation, capacity building, conflict prevention, mitigation and resolution, disaster assistance, support for the Grantee's National Programme Support Office and vocational training. Activities designed to assist Afghanistan's internally displaced persons and refugees may also be implemented. In addition, budget support for the Grantee across sectors may be provided either through the Afghanistan Reconstruction Trust Fund implemented by the World Bank or through other mechanisms as appropriate.

As part of the capacity building activities carried out in furtherance of the Objective, specific attention will be given toward developing activities that will increase the capacity of relevant Grantee ministries to be able to implement activities through direct Grantee contracts with the suppliers of goods and services using Grant funds in accordance with applicable USAID rules and procedures.

- **Support for Afghanistan's Disarmament, Demobilization and Reintegration (DDR) Program:** Activities in this area will continue or support the activities set forth in the Program Objective Grant Agreement signed between the United States of America and the Grantee in 2004 for Disarmament, Demobilization and Reintegration: Contributions to Post-Conflict Reconstruction and Stabilization. Support for the DDR program may include, without limitation, one or more of the following activities or types of activities: public information, de-mining and munitions disposal, technical assistance and advisory support, enterprise development, job creation, vocational education and training, reconstruction and community-based projects, support for ex-combatant private voluntary organizations, or support for the Afghan New Beginnings Program.
- **Provincial Reconstruction Teams (PRTs):** Provincial Reconstruction Teams (PRTs) are joint civil military units deployed throughout Afghanistan. Their goal is to strengthen the reach and enhance the legitimacy of the central government in outlying regions through improved security and the facilitation of reconstruction and development efforts. Under this Agreement, USAID will fund the deployment of its Field Officers to the PRTs to represent USAID within a defined geographical area and support the developmental aspect of PRT's work.
- **Information technology (IT):** On August 15, 2004 the Afghan government and USAID signed a \$14.2 million USAID grant, launching the District Communications Network that will bring phones and Internet to all 355 Districts of Afghanistan and serve as a major step forward in the development of a modern national telecommunications backbone. The Afghan Information and Communications Technologies (ICT) environment is being transformed by pro-competitive policy and regulatory reforms. Robust cellular phone service growth is taking place in Kabul and other major cities, and a privatized AfghanTel expects to triple the number of fixed lines over the next 18 months. Commercial software and technology services alliances are strengthening regional integration and international ties, and efforts are demonstrating sustainable ways to build a capable ICT workforce. There are huge

deficits in access to and use of ICTs, and major hurdles to building effective regulatory capacity. As a result, this program may include activities directed at the development of this sector. Such activities may include ones geared toward the use of ICT as a powerful tool for every sector program in USAID's portfolio, for example, funding for a database to track all USAID-funded programs, projects and activities.

- **Public-Private Partnerships:** USAID has throughout the world promoted Global Development Alliances (GDAs) which work to enhance development impact by mobilizing the ideas, efforts and resources of the public sector with those of the private sector and non-governmental organizations. USAID considers an "alliance" to be a formal agreement between two or more parties created to jointly define and address a development problem. Alliance partners combine resources, risks and rewards in pursuit of common objectives.

Alliance partners make financial and/or in-kind contributions to increase the impact and sustainability of development efforts. Their support may take many forms. Mechanisms for collaboration include parallel financing (with common objectives, clear understanding of roles and separate funding tracks) or pooled resources (with agreed upon and legally binding governance structures and common funding tracks). Funding under this Agreement may be used to support these types of alliance-building activities.

- **Mainstreaming gender with cultural sensitivity:** The Parties will mainstream gender considerations across all sectors in order to develop the potential of both sexes while ameliorating the often vast disparities between them. To bridge that gulf, an emphasis will be placed on women and girls where feasible and appropriate. The following precepts and activities may be supported under the "Gender" Cross-Cutting Theme:
 - To address the extensive needs of women and girls, initiatives that have the greatest impact on the largest number of women and families.
 - Various sector programs that engage large numbers of communities and strengthen local governance through Community Development Councils, Community Development Planning and Community Development Fora.
 - Programs that improve the quality of life for rural families, including increased production and income, and access to services.
 - Efforts enhancing the quality of life for urban families, particularly women heads of households. The urban poor of Afghanistan continue to report that meeting daily food and fuel requirements are their greatest challenge.
 - Activities involving human rights and due process of law issues. Two key factors appear to influence gender dynamics in Afghanistan: restricted mobility outside the domestic compound as a result of women's role as the keepers of family honor; and restricted formal entitlements/control with regard to productive assets.

IV. Indicators, Monitoring and Evaluation

The activities carried out pursuant to this agreement will serve to support the achievement of targets listed in the other Strategic Objective Grant Agreements entered into by the Parties. To the extent the need for additional indicators is deemed appropriate for particular elements of this program, such indicators may be further

detailed in Implementation Letters. Any such additional indicators or targets that are developed will be re-examined and adjusted, if necessary, as additional data becomes available.

USAID may take corrective action based on the results of the monitoring and evaluation of data or at the request of the Grantee with respect to any of the indicators associated with this Agreement or any of the other Strategic Objective Grant Agreements. Corrective action may include, but is not limited to, discontinuing, reducing or otherwise modifying one or more ongoing activities, or adding new activities. Funds allotted to activities may be discontinued, reduced or shifted to existing activities or new activities in furtherance of the Objective.

V. Roles and Responsibilities of the Parties

The Objective will be achieved through partnership among USAID, the Grantee, private voluntary organizations (PVOs) and non-governmental organizations (NGOs) (both U.S., international and local), public international organizations, contractors, cooperating agencies, local communities, and other donors. Roles and relationships among these groups may be more fully described in Implementation Letters, however, some general responsibilities are described below.

Grant proceeds may be provided by USAID directly to its implementing partners to carry out activities under this Agreement. USAID may select implementing organizations in accordance with its procurement and other relevant policies and procedures. The Grantee agrees to raise any issues related to implementing organizations on USAID-funded activities, including without limitation any issues related to inadequate or non-performance, directly with USAID rather than the implementing organization(s) in question.

Both USAID and the Grantee are responsible for coordinating strategy, resource programming and policy with other donor agencies operating in Afghanistan. Achievement of the expected results described herein is based on the assumption that certain results will be achieved by other donors, which are beyond the manageable interests of USAID. The Grantee is responsible for articulating national priorities to the entire donor community.

In order to ensure full coordination and consultation, the Parties agree to meet at least twice each calendar year, beginning with the first full calendar year following the execution of the Agreement, to review all aspects of this Agreement, including both strategic and operational issues. In such meeting the Parties will discuss whether activities being carried out under this Agreement are leading to the results outlined in this Annex 1 or are achieving the indicators set forth in Implementation Letters. The Parties may discuss their views as to whether there may be a need to alter, increase or discontinue activities, plan new activities, or alter the resource allocations to particular activities in order to meet the Objective and Intermediate Result and achieve continued alignment with the Grantee's national development priorities. It is expected that the Parties will also discuss current and future resource requirements related to such activities and the overall estimated expenditures for activities over the remaining term of the Agreement.

In addition, as part of its internal planning process, USAID intends to develop concept papers with general cost estimates for new program areas it is considering in furtherance of the mutual objectives set forth in this Agreement. USAID will consult and engage with the Grantee at the concept paper stage of development of new programs within the scope of this Agreement. Under internal procedures that are being developed, USAID will share each concept paper for a new program area with the Grantee. The Grantee will review the concept paper and participate in setting the direction and parameters for the subsequent stage of review and approval of the new program by USAID. It is possible that a concept may not advance to the subsequent stage of planning within USAID to the extent the Grantee has serious concerns that cannot be addressed after discussions between the Parties. Grantee review of concept papers will be carried out by the Ministry of Finance or the Ministry of Finance's designee. A similar consultative process will be followed during the project design stage.

USAID also intends to invite Grantee participation, as appropriate, in procurement evaluation panels for major activities. The Grantee will participate in such panels through the designation by the Ministry of Finance of an individual either from the Ministry of Finance or another appropriate Ministry to sit on such panel. The Grantee's representative shall comply with USAID's regulations governing participation on such panels as indicated by USAID.

VI. Other Implementation Issues.

The Parties agree that with respect to the audit provisions set forth in Section B.5 of Annex 2 to this Agreement (Standard Provisions), to the extent USAID funds non-Grantee implementing partners directly for activities under this Agreement, USAID will include necessary audit provisions in its implementing agreements with such partners in lieu of the Grantee submitting the required audit plan described in that Section.

ILLUSTRATIVE BUDGET FY05 - FY10
CROSS - CUTTING OBJECTIVES

in thousands USD

PRIs	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	85,000
DIR	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Cross-Cutting Initiatives (Includes ARTF, NSP, GOA Capacity Building, II, etc.)	122,400	147,000	160,000	200,000	200,000	200,000	200,000	200,000	200,000
USAID Program Support	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	187,400	222,000	230,000	275,000	280,000	280,000	280,000	280,000	280,000

Note 1: All amounts are estimates and are subject to the availability of funds and the other terms and conditions of this Agreement and applicable law.

Note 2: References to "FY" refer to the U.S. government fiscal year with respect to the USAID contribution and the fiscal year of the GOA with respect to GOA contributions, beginning with the second half of the Afghan year 1384 corresponding to FY05.